NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.5

PAID UP OIL AND GAS LEASE (No Surface Use)

whose addresss is \$\frac{1}{2} \frac{1}{2} \frac{1} \frac{1}{2} \frac{1}{2} \frac{1}{2} \frac{1}{2} \frac{1}{2} \f
and, DALE PROPERTY SERVICES, L.L.C., 2100 Ross Avenue, Suite 1870 Dallas Texas 75201, as Lessee. All printed portions of this lease were prepared by the phereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee. 1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the followed described land, hereinafter called leased premises: ACRES OF LAND, MORE OR LESS, BEING LOT(S) ADDITION, AN ADDITION TO THE CITY FORT LOGICAL TO THAT CERTAIN PLAT RECORD IN VOLUME 310 PAGE TARRANT COUNTY, TEXAS, ACCORDING TO THAT CERTAIN PLAT RECORD OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS. in the County of Tarrant, State of TEXAS, containing 10 gross acres, more or less (including any interests therein which Lessor may hereafter acquire reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocar substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and of
ADDITION, AN ADDITION TO THE CITY FORT LOGATION TARRANT COUNTY, TEXAS, ACCORDING TO THAT CERTAIN PLAT RECORD IN VOLUME 313 PAGE OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS. In the County of Tarrant State of TEXAS, containing 165 gross acres, more or less (including any interests therein which Lessor may hereafter acquire reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocar substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and o
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land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bor Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purport determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.
2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of
3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocart separated at Lessee's separator facilities, the royalty shall be Tischest in the well-by 100 for production, to be delivered at Lessee's option the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is surprevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be the continuing right to purchase and the costs incurred by Lessee from the sale thereof, less a proportionate part of ad valorem taxes production, severance, of other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if the no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter on more wells on the leased premises or lands pooled therewith are capable of either producting oil or gas or other substances covered hereby in paying quantities or such variety are well on the leased premises of maintaining this lease. If for a period of 90 consecutive days such well or wells shall neverthe be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 cons
4. All shut-in royalty payments under this lease shall be pald or tendered to Lessor or to Lessor's actifit in <u>at Lessor's address above</u> , or its successors, which it be Lessor's depository apparents regardless of changes in the ownership of said land, All payments or tenders may be made in currency, or by check chart and such payments or lenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the address known to Lessee shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution, or for any reason fail or reliave to a payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payment. Expert as provided for in Paragraph 3, above, if Lessee delits are well which is incapable of producing in paying quantities (hereinalfred called "dry hole") on the lessor lands pooled therewith, or if all production of any governmental authority, then in the event this lease is not otherwise being malnialment in force it is nevertheless remain in force it Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring product on the leased premises or lands pooled therewith within 90 days after such cessation of all production, the end of the primary term, or at any time thereater, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any concessation of more than 90 consecutive days, and it any such operations result in the production of oil or gas or other substances covered hereby, as long theretail there is production in paying quantities from the leased premises or lands product therewith. After completion of a well capable of producing in paying quantities herein to a lease of premises as to formational wells except as expressly provided herein. 6. Lessee shall have the

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part a leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in of the leas such part of the leased premises

such part of the leased premises.

B. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transferrs its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter. arising with respect to the transferred interest, and failure of the transferree to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to

pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipellines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease, and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor has one of the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject

water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offer, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and time after said judicial determination that a breach or default and Lessee fails to receive to profession to the profession of the offer.

time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shul-n royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other

17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's

neits, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.
LESSOR (WHETHER ONE OR MORE)
By: Alberton, a sign person By:
ACKNOWLEDGMENT
STATE OF LEXUS COUNTY OF TOST COUT This instrument was acknowledged before me on the day of day of sold day of s
Kuspa O Facker - Hulk
KISHA G. PACKER POLK Notary Public, State of Texas Notary Public, State of Texas Notary's name (printed): Notary's commission expires: April 15, 2012
STATE OF
COUNTY OF



DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9

DALLAS

TX 75201

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

<u>DO NOT DESTROY</u> WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration: 06/25/2008 08:33 AM Instrument #: D208243427

LSE 3 PGS \$20.00

D208243427

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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